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PAGE 01 STATE 010405

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QUOTE S E C R E T CAIRO 0268

E.O. 11652: GDS
TAGS: PFOR, PINT, MASS, EG, UR, XF
SUBJECT: SADAT'S ANAR INTERVIEW

REF: FBIS BE081740Z

SUMMARY: IN INTERVIEW WITH AL-ANWAR JAN 7, SADAT SPOKE FRANKLY TO
CRITICAL ISSUES HE CONTRONTS: GOE-USSR RELATIONSHIP AND DOMESTIC
POLITICAL UNREST ARISING FROM ECONOMIC DISTRESS. HE "EXPOSED"
SOVIET FAILURE TO HONOR OR EVEN DISCUSS MIILITARY AND ECONOMIC
COMMITMENTS TO EGYPT, AND MADE DESPARATE APPEAL FOR ARAB CASE AID.
"EXPOIURE" OF SOVIETS MAP SIMPLY BE RESULT OF DOMESTIC AND ARAB
PRESSURE ON SADAT FOLLOWING CANCELLATION BREZHNEV VISIT.

1. IN HIS INTERVIEW WITH BEIRUT'S PRO-EGYPTIAN DAILY ANWAR
JAN 7, PRESIDENT SADAT GAVE FRANKEST EXPOSITION TO DATE OF
CRIT CAL PROBLEMS EGYPT FACES IN ITS RELATIONSHIP WITH USSR AND
IN COPING WITH INTERNAL POLITICAL INSTABILITY RESULTING FROM
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PAGE 02 STATE 010405

ECONOMIC DISTRESS. SALIENT POINTS OF HIS REMARKS, TOGETHER WITH

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

OUR COMMENTS, FOLLOW:

2. GOE/USSR RELATIONSHIP. ALTHOUGH SENIOR EGYPTIAN OFFICIALS HAVE PREVIOUSLY COMPLAINED PUBLICLY THAT USSR HAS FAILED FULFILL 1971 TREATY OF FRIENDSHIP AND COOPERATION, SADAT INTRODUCTED TWO NEW AND SERIOUS GRIEVANCES. HE SPOKE OF A) ARMS AND B) "TRADE RELATIONS" AND DEBTS.

A) ARMS. SADAT IMPLIED SOVIETS HAVE DISCRIMINATED AGAINST EGYPT AND IN FAVOR OF SYRIA; LATTER HAD WAR LOSSES REPLACED BEFORE CEASEFIRE. EGYPT, HOWEVER, HAS WAITED 14 MONTHS AND RECEIVED ONLY SMALL QUANTITIES AMMO AND SPARE PARTS. GOE DEMANDS, HE SAID, INVOLVE THREE DIMENSIONS: REPLACEMENT OF WAR LOSSES, CONTRACTS UNDER WHICH DELIVERIES WERE NOT MADE ON TIME,
AND SOVIET REFUSAL DEAL
WITH QUESTION OF NEW ARMS SINCE OCTOBER WAR. (COMMENT: SADAT IS REFERRING TO DEVELOPMENT 1973 ARMS AGREEMENT AND MAKING FIRST PUBLIC DISTINCTION BETWEEN REPLACEMENT AND NEW SOPHISTICATED WEAPONS, BOTH OF WHICH HE BELIEVES SOVIETS OWE HIM.) REVEALING POINT OF DISAGREE-MENT WHICH ANGERS GOE, SADAT COMPLAINED THAT SOVIETS REFUSE TO CALL SMALL QUANTITIES OF ARMS, WHICH THEY HAVE SUPPLIED "REPLACEMENT" EQUIPMENT.

B) ECONOMIC RELATIONS. SADAT MADE FIRST PUBLIC ADMISSION OF GOE DESIRE RESCHEDULE DEBTS, STRESSING HE WANTS GRACE PERIOD, AS WAS
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ACCORDED TO SOVIET UNION AFTER WW II. SOVIETS, HE SAID, "PREFERRED" THAT MINISTERS OF INDUSTRY, PLANNING AND ECONOMIC COOPERATION NOT ACCOMPANY FAHMY AND GAMASY TO MOSCOW. RESULT, SADAT EMPHASIZED, IS THAT MILITARY AND ECONOMIC RELATIONS REMAIN "FROZEN" UNTIL BREZHNEV DOES COME TO EGYPT.

C) NUCLEAR CAPACITY. SADAT CLAIMED KATZIR'S STATEMENT ON NUCLEAR CAPACITY IS PART OF PSYCHOLOGICAL CAMPAIGN DESIGNED TO MAKE ARABS BELIVE ISRAEL IS TOO STRONG TO BE CHALLENGED.
HE SAID CAREFULLY THAT IF ISRAEL INTRODUCES ATOMIC WEAPONS TO ME, EGYPT WILL HAVE EVERY RIGHT TO "SEEK AND OBTAIN" THEM.
ASKED WHERE HE COULD GET NUCLEAR WEAPONS WHEN SOVIETS NOT EVEN SUPPLYING CONVENTIONAL ARMS, SADAT WAFFLED AND GAVE NO STRAIGHT ANSWER.
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3. DOMESTIC PROBLEMS. SPEAKING TO QUESTION OF RECENT CIVIL UNREST, SADAT STRESSED EGYPTIAN PEOPLE SUFFER FROM "DREADFUL" ECONOMIC TROUBLES RESULTING FROM HIS DECISION TO BEGIN RECONSTRUCTION WHILE STILL MAINTAINING MILITARY CAPACITY.
IN UNUSUALLY EMOTIONAL TERMS, HE LAMENTED EXPENDITURE OF EGYPTIAN BLOOD, SWEAT, AND NATIONAL TREASURE ("7 BILLION L.E. IN 7 LEAN YEARS") EXPENDED BY EGYPTIANS. BUT EGYPTIANS KNOW OTHER

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ARABS ARE NOT SUFFERING BURDENS OF THE BATTLE AS THEY DO. "DESPITE MY APPRECIATION FOR WHAT ARAB BROTHERS HAVE GIVEN US, I HAVE NOT RECEIVED ENOUGH LIQUIDITY. PROJECT AID IS NOT ENOUGH." (COMMENT: THIS IS GENUINE CRY OF DESPERATION OVER ACUTE EGYPTIAN HARD CURRENCY SQUEEZE.. 8, 7,7 7-) *4-,(-$.8 89, 9* "SHORTCOMINGS" WITHIN GOE BUREAUCRACY, SADAT AGREED THERE IS CORRUPTION AND INJUSTICE, BUT PROMISED THEY WOULD BE DEALTH WITH.

4. CAIRO RIOT. SADAT SAID JAN 1 RIOTS RESULTED FROM EFFORT TO EXPLOIT ECONOMIC DISTRESS BY "REJECTORS" WHO SOUGHT LAUNCH CAMPAIGN OF CALUMNY AGAINST GOE. THESE "REJECTORS" ADVOCATE MARXIST PRINCIPLES AND SEEK TO DESTROY "OPEN DOOR" POLICY. ASKED IF THIS MARXIST CONNECTION CHANGES GOE RELATIONSHIP WITH "INTERNATIONAL LEFT," SADAT SAID NO, BECAUSE EGYPTIAN LEFT IS A "NATIONAL LEFT" AND USSR/GOE RELATIONSHIP IS ONE BETWEEN STATES. "WE ACCEPT NO INTERFERENCE IN OUR DOMESTIC AFFAIRS". (COMMENT: TRADITIONAL EGYPTIAN LEFT HAS ALREADY DISCLAIMED LINKS WITH MARXIST AGITATORS. LEADING CP MEMBER LUTFI AL-KHULI WROTE IN AHRAM JAN 8 THAT JAN 1 EVENTS WERE CAUSED BY "BACKWARD RIGHTIST FORCES" SEEKING TO DESTROY NATIONAL PROGRESSIVE UNITY AND TO RETURN EGYPT TO FEUDALISM.)

5. COMMENT: SADAT HAS DRAWN BACK THE VEIL SOMEWHAT FROM THE MYSTERY WHICH HAD SHROUDED FAHMY'S MOSCOW VISIT. HE HAS FOLCEFULLY CONF-IRMED THAT SOVIETS HAVE, IN HIS VIEW, LET EGYPT DOWN BADLY IN MATTER OF MILITARY AND ECONOMIC ASSISTANCE AND DEBT RE-SCHEDULING. HE HAS DRAWN PUBLIC ATTENTION TO SOVIET REFUSAL DIFFERENTIATE REPLACEMENT FROM NEW EQUIPMENT PREVIOUSLY CONTRACTED FOR, ALL THESE POINTS HAVE BEEN SUBJECT OF SOVIET-EGYPTIAN ACRIMONY, PARTICULARLY DURING AND AFTER THE FAHMY VISIT. WE BELIEVE SADAT HAS SUCCEEDED IN TARNISHING SOVIET IMAGE IN EYES OF MANY ARABS BY REVEALING THAT MILITARY AND ECONOMIC RELATIONS MUST APPARENTLY REMAIN "FROZEN" UNTIL BREZHNEV ARRIVES IN CAIRO, WHENEVER THAT MAY BE. ALTHOUGH SADAT ABSOLVED INTERNATIONAL COMMUNISM FROM BLAME FOR RECENT CAIRO RIOTING, HE

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GRATUITOUSLY POINTED OUT GOE/USSR RELATIONS ARE INTER-GOVERNMENTAL RELATIONS ONLY, OMITTING USUAL
PLACEBO RE FRIENDSHIP OF THE SOVIET AND EGYPIAN PEOPLES. FROM OUT VANTAGE POINT, IT SEEMS LIKELY SOVIETS MAY HAVE EXPECTED THAT SADAT WOULD SOONER OR LATER MAKE SOME OF HIS GRIEVANCE KNOWN, IF ONLY TO JUSTIFY HIS OWN INABILITY OBTAIN MILITARY AND ECONOMIC AID FROM MOSCOW. HE IMPLIES IN HIS REMARKS THAT FAULT IS ENTIRELY WITH SOVIETS, WHO HAVE NEITHER HONORED SPECIFIC CONTRACTS NOR VEN BEEN WILLING TO DISCUSS SPECIFIC PROBLEMS IN DETAIL. SOVIETS WILL CERTAINLY NOT BE PLEASED.

6. SADAT IS PRONE TO WHAT HE CALLS POLICY OF "EXPOSING". IT IS POSSIBLE THAT DOMESTIC AND ARAB HEAT ON HIM FOLLOWING POSTPONEMENT BREZHNEV VISIT LED HIM TO CONCLUSION HE SHOULD "EXPOSE" FAILURE OF SOVIETS TO A SIST EGYPT.

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